

**EFFECTS OF PURCHASING STRATEGIES ON ORGANISATIONAL
PERFORMANCE: A CASE STUDY OF GETRUDES CHILDREN HOSPITAL
NAIROBI.**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT
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DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

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This research project has been submitted for examination with my approval as University supervisor

Signature **Date**

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DEDICATION

The project is dedicated to each and every one who selflessly supported this research work and all that contributed to it in one way or the other to finalised it and make it a complete document report as per the university requirements.

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To my family members I shall forever remain grateful for the encouragement and for giving me ample time to pursue this course and allow me to be away when indeed I am required to be with them, a special gratitude to my supervisor Dr. Emmanuel Awour for continuous support.

ABSTRACT

The research study main aim was to determine the effects of purchasing strategies on organisational performance a case study of Gertrude's children hospital Nairobi with specific objectives being to examine how quality management affects purchasing strategies at Gertrude's children hospital Nairobi; to establish how supplier optimization affects purchasing strategies at Gertrude's children hospital Nairobi; to examine how vendor development affects purchasing strategies at Gertrude's children hospital Nairobi; to establish how risk management affects purchasing strategies at Gertrude's children hospital Nairobi. The findings were the reference point to other researchers in the same field and the knowledge generated by this study will enable scholars to improve and develop a better understanding on the subject. The study was anchored on the following theories goal setting theory, institutional theory and expectancy theory. The study variables are quality management, supplier optimization, vendor development and risk management. The study adopted a research design that is descriptive with the target population being 100 respondents comprised of senior managers, middle level managers and non-management that were randomly selected. Stratified proportion sampling was involved in order to get a suitable unit of representative of analysis. Questionnaires were administered as the main data collection tool. Questionnaires were pilot tested before being administered to the target audience. Analysis of data has been described with the aid of descriptive statistics and analysis was done using SPSS, statistics and quantitative methods. The study established that quality management influences purchasing strategies at Gertrude's children hospital the way suppliers are identified and developed. The study also established that purchasing strategies at Gertrude children hospital are very effective and affects performance and also vendor development, supplier optimization affects purchasing to some extent but not as much as risk management. The study recommends that Total quality management schemes should be adopted by the Management of Gertrude's children hospital. To ensure quality management is enhanced throughout the processes of purchasing in the organization. By so doing the organization will be better placed for better performance and be very competitive and the procurement department should quarterly review their operational and strategic policies; the process should involve all the staff members, section heads, main suppliers and board of trustee to enable sound decision making.

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ACRONYMS AND ABBREVIATION

ICT	:	Information Communication Technology
JIT	:	Just in Time
SCM	:	Supply Chain Management
QMS	:	Quality Management System
R.B.M	:	Result Based Management
ISO	:	International Organization for Standardization

OPERATIONAL DEFINITION OF TERMS

Customer Satisfaction	: Fulfilling customers' needs and demand within the expected given period of time (Andersen & Gatignon, 2012).
Lead Time	: Time between appraisal of a requirement and the moment that the material is delivered to the point of use by the buyer (Kevin, 2008).
Forecast	: This is an estimation of demand that will take place in future. Most forecasts use historical demand to calculate future demand (Autry & Bobbitt, 2008).

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This section reviews the research study background, problem statement, objectives, research study questions, significance and scope of the study which to determine the effects of effects of purchasing strategies on organisational performance a case study of Gertrude's children hospital Nairobi.

1.1 Background of the Study

According to Terpend, Dooley and Krause (2011) describe. There is a direct connection between purchasing strategies and organization strategy. In other words purchasing strategies, purchasing decisions and purchasing practices are commonly used interchangeably to express decisions that are considered at various stages of the purchasing process (Van Weele, 2010). With reference to operation management purchasing strategies is referred to as decisions on quality purchased, number of suppliers and supplier optimization strategies among others. According to Cannon and Perreault (2009) organizations continue to struggle with strategies in relations to suppliers and buyers. They further indicate that it's the buyer who decides on what to purchase or not and they have outlined numbers of constructs such as information exchange, operational linkage and legal bond.

Terpend, Dooley and Krause (2011) explain that purchasing strategies are practiced in most organizations based on trial and error that have affected the business environment. Research has shown and identifies several factors that affect and determine the choice of purchasing strategies such as the market, the product, the industry or the portfolio model. According to Caniels and Gelderman (2010) portfolio model is the most cited model where buyer and supply market strength is considered while Cox (2013) focuses specifically on the power of his portfolio model which classify buyer supplier power into four aspects; the buyer might have dominance, the supplier might have dominance, they might be independent of each other and they might be mutually interdependent. The buyer can leverage supplier's performance on cost and quality and to maintain only normal returns for the supplier this occurs when the buyer is on a dominance position. While in the interdependence position all the parties have resources that require them to closely work together. But within the independent position where none of the partners has leverage, it's suggested that all the parties must accept the existing quality levels and price (Cox, 2013). He further suggests that the situation to slightly favour the buyer

when the supplier have few chances to increase leverage. And finally when the supplier is in a dominance position, the supplier is required to incorporate market strategies against the potential competitors to increase more than normal returns and the buyer is expected to be the receiver of quality and price. The ideal position of suppliers would be monopoly ownership on the in-imitable resources subject to transaction and highly valued in the supply chain. For buyers on the ideal position is to have monopsony power in being able to source from suppliers in highly economical markets (Cox, 2013).

1.1.1 Organizational Performance

Organizational performance is a major factor that maintains efficiency and effectiveness of organization that makes a company to be more competitive at the market place. Establishments are formed with employees, for that reason executives have to determine the causes that lead to deteriorating of performance. Therefore it's important to understand internal forces as well as external forces affects performance of companies in general (Green & Heywood, 2007). According to Pinder (2008) efficiency of organization performance can be determined by natural aptitude that the organization acquires over time. The reason why a person is motivated to perform certain tasks but he does not have the required knowledge for the job which they are required to do; work can still be affected due inadequate skills required. According to Kreitner and Kinicki (2011), workers' ability in determining the effectiveness of performance is crucial for the organization, although staff with high motivational level can still perform-well if they possess sufficient skills. In order for staff to remain relevant at the work place their skills and ability to do carry out in any assignment given to them by their employers. Individual performance can be identified by role perception (Locke, 2011).

1.1.2 Profile of Gertrude's Children Hospital

The hospital was established in 1947 with land donation from Colonel Ewart Grogan in memory of his loving wife Gertrude Edith. Gertrude's children hospital is a charitable trust which implies that all profit are ploughed back in the hospital. The organization is managed by board of trustees who offers their services voluntarily in running daily activities of the hospital and they are also responsible for all policy decisions and they don't receive any rewards or emoluments for the charitable work they do. The monies the hospital receives are used for hospitals routine management. In April 2008 the hospital marked its Diamond Jubilee which also marked as formal opening of new outpatient department that included Accident and

emergency unit and the Doctors plaza. This means that the hospital can now offer one stop paediatric center that can provide all available treatment that a child can require.

1.2 Statement of the Problem

Procurement departments are under considerable pressure to deliver performance improvements in order to achieve financial saving through more efficient and coordinated service delivery. Organizations are in demand of increasing professionalism in the procurement process. Procurement practices such as risk management, planning and supply performance influence organization in achieving communication and collaboration capabilities and at the same time maintaining the flexibility and responsiveness capabilities of market-oriented governance structures. Procurement best practices help organization in achieving cost reduction, new product development, improved inventory management, information management, improved customer service, material flows and improved performance in the organization. According to Hassanzadeh and Jafarian (2013) best practices are viewed as a strategic function working to improve the organization profitability reduce raw material prices and cost and identifying better sources of suppliers.

Several studies have been conducted on best procurement practice and organization performance such as Lee (2009) conducted a study on procurement best practices as measure for improving efficiency, quality and delivery performance of suppliers. Another study conducted by Mark, Wilson and Ram (2010) to investigate the implementation of lean procurement among SMEs. In Kenya there are few organization have successfully embraced procurement best practices like a study conducted by Gitahi (2011) on e-procurement and employment qualification of procurement staff at Cadbury Kenya Ltd. Gertrude's children hospital like most organization are affected by changes in the external environment that include trading blocks, inadequate free movement of goods, increasing cost of inputs, increased competition and improved customer awareness. Despite all the measure put in place the organization still have challenges with its procurement process there are concerns with regards as it was suspected that some brokers are being selected to provide services at children hospital. And there is a need to examine how the different vendors are selected and how their selection has an implication on their performance of the organization. This means measuring output in terms of time and quality of delivery as per laid down standards it's in this light that current study intends to determine the effects of purchasing strategies on organisational performance at Gertrude's children hospital.

1.3 Objectives

The underlying study objective is to determine the effects of purchasing strategies on organisational performance a case study of Gertrude's children hospital Nairobi.

1.3.1 Specific Objectives

- i. To examine how quality management affects purchasing strategies at Gertrude's children hospital Nairobi.
- ii. To establish how supplier optimization affects purchasing strategies at Gertrude's children hospital Nairobi.
- iii. To examine how vendor development affects purchasing strategies at Gertrude's children hospital Nairobi.
- iv. To establish how risk management affects purchasing strategies at Gertrude's children hospital Nairobi.

1.4 Research Questions

- i. To what extent does quality management affects purchasing strategies at Gertrude's children hospital Nairobi?
- ii. Does supplier optimization affects purchasing strategies at Gertrude's children hospital Nairobi?
- iii. To what extent does vendor development affects purchasing strategies at Gertrude's children hospital Nairobi?
- iv. To what extent does risk management affects purchasing strategies at Gertrude's children hospital Nairobi?

1.5 Significance of the Study

To management of Gertrude's hospital, scholars and individual researchers who used this study as basis for conducting research in the same area to identify gaps in this study. The board of directors and management can identify areas of weaknesses and the need to seek strategies to know the importance of having efficiency of supply of products and how to improve them.

Procurement department at Gertrude's was able to see suppliers who ensure operations are being performed in a manner that is appropriate as it applies to their ethical, legal, environmental and social responsibilities, from the study findings for the important information

the study shall obtain from the field will help in policy formation and better management of funds allocated to strategic purchasing.

1.6 Scope

The research was confined to Gertrude's Children hospital head office located in Muthaiga. This study was conducted in the month of May to July 2018. The researcher sampled employees in all level of management and non-management staff in providing needed research information. The study targeted 250 employees at Gertrude's Children hospital.

1.7 Chapter Summary

The chapter provides study background information the much need information needed to place the study problem in proper context and understanding, the chapter includes the outlines the background of the study, statement problem, study objectives, significance and study scope. Therefore this chapter guided as the as the norm which study variables are reviewed and study is conducted in order to achieve the main research objectives and determine the effects of effects of purchasing strategies on organisational performance a case study of Gertrude's children hospital Nairobi.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In the chapter the study has studied information and other works that have explored quality management, supplier optimization, vendor development and risk management and related literature. Review of literature involves documenting information and data that has a positive relation with study variables. The section also includes theories, gaps within other studies, conceptual framework, operationalization of study variables and it concludes with a chapter summary.

2.1 Theoretical Literature Review

The theoretical review is a logically described, developed and elaborated network of associations among variables deemed relevant to the problem situation identified. Theories are generally formulated to understand, predict and explain a phenomena. The theoretical literature describes and introduces the theory that explains why research problem under investigation exists and is a structure that can support research study theory (Sekaran, 2010).

2.2.1 Expectancy Theory

Expectancy theory was proposed in 1964 by Victor Vroom and it stress and focuses on outcomes. According to Lucas and Diener (2007) expectance theory is a set of decision theories of work of motivation and performance. Perception plays a vital role in this theory because it emphasizes on cognitive ability to anticipate likely consequences that result from behavioural action (Krentner & Kinicki, 2011). Vroom (1964) the expectancy theory has two major assumptions that is individuals have a perception about the concerns that result from their interactive engagements and casual relations among the outcomes and second assumption is individual has effective reactions to certain outcomes that is both positive and negative value (Lucas & Diener, 2007).

Expectancy theory indicates those individuals are motivated to perform in double expectations. Not all efforts were rewarded and the staff may not be motivated to perform specific duties. Expectancy theory relies upon motivators to clarify the causes of behaviour at a work station; external rewards are viewed as motivators when behaviour is driven from internal forces. The study will adopt this theory because it addresses how quality management and supplier

optimization affects purchasing strategies in organization and in this case it is Gertrude's children hospital Nairobi.

2.2.2 Goal Setting Theory

Edwin A Locke began to examine in the mid-1960s and he continue to research on it for over 30 years. He derived the goal setting theory from Aristotle; Locke refined and developed goal setting theory in 1968. The postulation of goal setting theory is that their aim is to supervise human action. Studies specifies exact aims leads to increased employee performance, According to Locke and Latham (2010) goal setting has four motivational mechanisms that are goals have an energizing function, goals that are meaningful tends to emphasis on distinct consideration on what is important and relevant, goals affect persistence. When an individual in pursuit of certain goals, they don't seemed satisfied until the goal is achieved. Goals serve as reference opinion that distinguish satisfaction and dissatisfaction and employee that produces the toughest goal line are hard to fulfil. Human beings are unendingly wanting group and to satisfy their needs are not altogether mutually exclusive but only tend to be.

Goal setting is applied to work stations this implies that managers have a responsibility to ensure that deficiency needs are met that is proper wages and safe environment, creating proper climate in which staff can develop their full capabilities. In relation to the study there is need for assurance, obligation and maturity. Managing organization by objectives becomes the process in which organizational objectives are agreed upon this way personnel know the expectation and hence they are able to set their own individual goals. According to Ferris (2007) goal setting is a set of decision theories of work of motivation and performance. Perception plays a vital role in this theory because it emphasizes on cognitive ability to anticipate likely consequences that result from behavioral action (Kinicki, 2013). The study will adopt the theory to show the influence of vendor development, quality management, organization performance and risk management.

2.2.3. Institution Theory

This theory was established in 1984 by Goguen and Burstall. Institution theory has put more emphasis on the organization environment are important in shaping firms structure and actions, the theory states that organization decisions are not purely driven by rational goals of efficiency but by cultural and social factors and apprehensions for acceptability . Organizations are elated by structures, routines, cultures and operate at several levels. According to institutional theory

organizations become similar due to isomorphic pressure and pressure for sincerity. Organizations are likely to be induced to adopt what fellow organization by external isomorphic pressures from competitors, government, trading partners and customers (Peters, 2010).

Institutional theory puts more emphasis on social behaviour which considers organization process by which configurations, schematics, guidelines, customs and procedures that are conventional as commanding strategies. According to the theory organization strategies are influenced by other external factors that include political, social and economic pressure and decision making within the firm seek to legitimate their practices to other stakeholders (Zucker, 2007). The study will adopt this theory because it explains the changes brought about in organization by social values, regulations that affect decision and technological advancements. Institution theory has put more emphasis on the organization environment are important in shaping firms structure and actions, the theory states that organization decisions are not purely driven by rational goals of efficiency but by cultural and social factors and apprehensions for acceptability. Organizations are elated by structures, routines, cultures and operate at several levels.

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2.2 Empirical Literature Review

This includes the studies conducted on quality management , supplier optimization , vendor development and organization performance. It reviews the aspects of factors that affect employee decision making process.

2.2.1 Quality Management

Bednar and Reeves (2014) defines quality being equivalent to excellence and value as being in accord predetermined sets of requirements and being in a position to meet customers expectation. Berry, Zeithaml and Parasuraman (2007) explains perceived quality focuses on the extent in which discrepancy between customer expectations and the level of quality they perceive that have received. Customer perceptions and expectations are both entirely subjective. However they define service quality as perceived by the customers as being a purely individual estimation curtailing from the position of the client. According to Park and Yoo (2007) service quality is the extent to which a firm is capable of effectively satisfaction of customer's objectives. Quality is what every organization strives to thrive on and it's a challenge to most organisation. Clients are more informed and increase in demanding quality product and services, they also confirm whether product brand is certified and it's of good quality. The level of product quality has an impact on organization performance which directly influence and develop trust (Geysken, 2008).

Clients play an important role in quality management, because their demand products with higher standards therefore organizations are obligated in improving customer value proposition. Modern marketplace is characterized by competing firms, universality which distinguishes from other participants using quality superior product such result improves customer perceived value and image and improves customer loyalty (Kandampully & Juwaheer, 2009). Clients are interested quality as planned by suppliers who seek a way to guarantee quality of service delivery that will meet customers' expectations. ISO 9000 provides values as pledge to firms and their customers those obvious and accepted processes though ISO 9000 certification is not mandatory as business requirements more business seems to acquire it from suppliers and partners, certification boost an organization assessment all the time the organization is judged against competition (Roger, 2012). Willingness for organization to adopt ISO 9000 is often in line with expectations on improved quality and factors perceived as important competitive advantage and success. One of the attributes of customer expectation is the quality of services and products on offer at the market.

Quality is requirements in today's life; the main issue of quality is outlined in customer satisfaction. Customer expectation and requirements of a particular product or service lies purely on their own understanding. Quality is managed and controlled through all processes within the firm. For organization to establish and maintain quality they are forced to adopt quality management system in the organization strategy. All these activities are essential pillars

of excellence administration. Organizations are constantly looking for modalities to improve and expand their business in terms of quality and quantity (Andeson & Fornell, 2010). Willingness for organization to produce quality products is often in line with expectations on improved quality and factors perceived as important competitive advantage and success. One of the attributes of customer expectation is the quality of services and products on offer at the market; consequently the logical conclusion is that after sales evaluation is often stronger and more intense. The reasons way marketing departments aim at retaining customers and looking for new ones they understand they must meet their expectations.

2.2.2 Supplier Optimization

Every single year the role of purchasing in supply chain management has continue to receive attention in various organization, purchasing enhances competitiveness and efficiency among other benefits to realize the benefits it's imperative to maintain and select competent suppliers. However, there are other factors that affect organization ability to select the right supplier. Some of the factors an organization consider include quality, financial base, technological ability, commitment, trust, reliability and timely delivery (Cox, 2009). Quality, price, communication, materials delivery and technology are recognised as the commonly used criteria as indicated in various studies in determining supplier optimization, however other criteria such as credibility, ISO certification, reliability, product development and good references are also considered important. This is an indication that the focus is shifting from solely relying on quantitative factors to include qualitative criteria (Harps, 2010).

Studies shows that there are factors that make supplier optimization a complex situation these factors include internal and external constrains imposed on buying process, multiple criteria (quantitative and qualitative), conflicting objectives of the criteria and finally due to high competition. However, much effort is needed to develop a formidable partnership. Since the right supply selection process embraces different functions such as quality among others. Within organization it's a multi objectives problem, intangible and tangible factors in a categorized manner. Effective supplier refers to the supplier that can supply the correct amount of materials and services at the right time at the right quality and price. There for its obvious that effective supplier optimization has to deal with a host of qualitative and quantitative factors that may be in conflict with one another (Vera & Pullman, 2008).

The business environment is characterized by uncertainty, rising complexity, volatility and instability. Organizations have to rethink the changes in technology, intensify global competition and shorter product life cycle. Procurement managers and officers are now realizing that no matter how resourceful and strong their organization they are no longer able to maintain a competitive advantage at every step in the value chain in the market (Handfield & Nicholus, 2009). Supplier optimization is five phase processes the commence from the recognition of need for a new supplier, formulation and determination of decisions, prequalification and finally supplier optimization.

Li (2011) established three fundamental factors in supplier optimization based on practitioners interview and literature review. The illustration he provided was based on the documented supplier optimization criteria that is needed to assess supplier service capabilities and as well as buyers managerial and strategies aliment. Tan (2008) encouraged the use of integrated model that combine the analytical hierarchy and grey relation analysis in a single evaluation model. Tan suggested that the model is effective in integrating experience and knowledge in evaluation of suppliers in order to select the best supplier. Supplier optimization is a complex and time consuming process that evaluation criteria that includes cost, quality, delivery system, facilities, and personnel among others. The evaluation of suppliers as complex as it maybe numeral criterial must be considered in the selection and decision making process. However, different criteria are employed by different organization during the process.

2.2.3 Vendor Development

Due to the ever increasing competitiveness of the current market environment, there is a growing need for supplier development. Vender development can be conducted in two ways according to Watts and Hahn (2009) which can be broad sense and narrow sense. We the aspect of narrow sense, the buying organization creates supplier where there is none while in broad sense, buyer improves the capabilities of other suppliers through direct involvement. Talluri (2010) describe vender development is an economic activity and requires commitment from suppliers and organization. Organization face challenges in effective utilization of limited resources for development relationship with their vendors. Vender developments are considered as important component of supply chain management, that's plays, a crucial role in performance improvement in buyer supplier relations (Krause and Ellram, 2009).

Schmitz and Platts (2014) explain the importance of investigating the area of organization performance while focusing on supplier and buyers relationship. They studied performance measurement within organizations in relations to inter organization performance in order to improve supplier performance. A study by Forlund and Johnson (2009) to identify trust, aligned goals and priorities that needed to overcome performance management effectiveness between suppliers and buyers. According to Handfield (2009) measuring vender performance is not easy because companies find it difficult to evaluate vender contractual obligations fulfilment. Firms need to make decision on what is important for them to measure and how they will allocate the weight to the measure standards. There are three categories used for measuring quantitative performance; delivery performance, quality performance and cost reduction. Research on vendor development practice area most of the research papers accept that supplier development practices not only improves the supply chain efficiency but also contributes towards creating competitive edge by developing appropriate vendors.

Vendor development programme is considered as elements of creating sustainable supply chain management. Rountroy and Pradhan (2011) indicate that success factors are important role in implementing vender development program efficiently and effectively. According to Krause and Ellram (2007) vendor development barriers are lack of willingness by supplier to improve social relationship, low cultural and structural similarities, lack of supplier willingness to implement certification program, lack of interest to follow the evaluation result and lack of efficient communication. Reviewing vendor development literature resulted in the description of several critical elements that playing crucial role in the buying firm's success such as certification, communication, reward, and training, new market support, collaboration for investments in suppliers, evaluation, product development, improvements, visit supplier locations and alternative sources of procurement (Rajput& Bakar, 2012).

2.2.4 Risk Management

The last process of business risk management is referred to as risk monitoring, this is the most important job of supply chain managers which involves physical and frequent contacts with organization clients who believes that the supply chain managers are problem solvers and trusted advisors. Risk monitoring helps the organization managers to discover the problems which might have occurred in organisation system. Any organization that adopts appropriate risk monitoring strategy this means that appropriate pricing in the line with estimated risk is achieved which results to profit (Saunders & Allen, 2012).

Soyemi (2014) supply chain managers are employed for the purpose of managing organization information system in order to help monitor levels of risk and facilitate timely review of risk plus their exceptions. The recognition of the exact approach to adopt for monitoring risk management squarely depend on each individual organization which depends on a variety of features like size, nature of activities and sophistication of the activities. Monitoring risk has several components such as internal control culture, effective internal reporting and contingency planning. George (2010) describes the key success of monitoring risk is proper planning (comprehensive, organizes and iterative approach) and aggressive execution.

Price Waterhouse Coppers (2009) describes the integrated approach to operational risk management as proactive and representative of best practice compared to dispersed approach. The characteristics include the structure of operation risk management, resource investment, risk culture, and tools and technique. Firms must commit a large budget to setup operation risk system that is able to monitor, measure, identify and control risk that is associated with supply chain management. The operational risk management process calls upon organization management to identify and fully understand the nature of risk that is associated with organization commercial activities. Second firm must be able to measure each risk which calls upon putting in place a system that can measure the available risk, and finally the risk must be continuously monitored to ensure that they are at acceptable level (Price Waterhouse Coopers, 2009).

Herring and Calomiris (2009) indicated that organization respond to risk in three different approaches try to reduce the risk, lay off the risk and retain the risk and dealing with it as well as managing it at the same time, this also depends on the individual organization strategy. Lopez (2012) also supports this view by indicating that there is no clear established approach to manage operation risk and each individual firm is responsible to develop and establish their own methods or approaches. Studies have shown that organization adopt a top down approach to calculate their operation risk. Organizations will always tend to mitigate the financial and actuarial risk associated with proper business practice transaction through shifting it to other parties in a combination of reinsurance, product design and price. The firm only eliminate the risk that they are left to manage this is due to the fact that hospital recognises that is what is required (Anthony & David, 2007). The financial risk associated with provision of services that are associated with medical are risk bound to the financial operations of the organization that includes underwriting, credit, technical provision, liquidity, solvency, market and reinsurance risk.

2.3 Summary and Research Gaps

Purchasing strategies, purchasing decisions and purchasing practices are commonly used interchangeably to express decisions that are considered at various stages of the purchasing process. With reference to operation management purchasing strategies is referred to as decisions on quality purchased, number of suppliers and supplier optimization strategies among others. Research has shown and identifies several factors that affect and determine the choice of purchasing strategies such as the market, the product, the industry or the portfolio model.

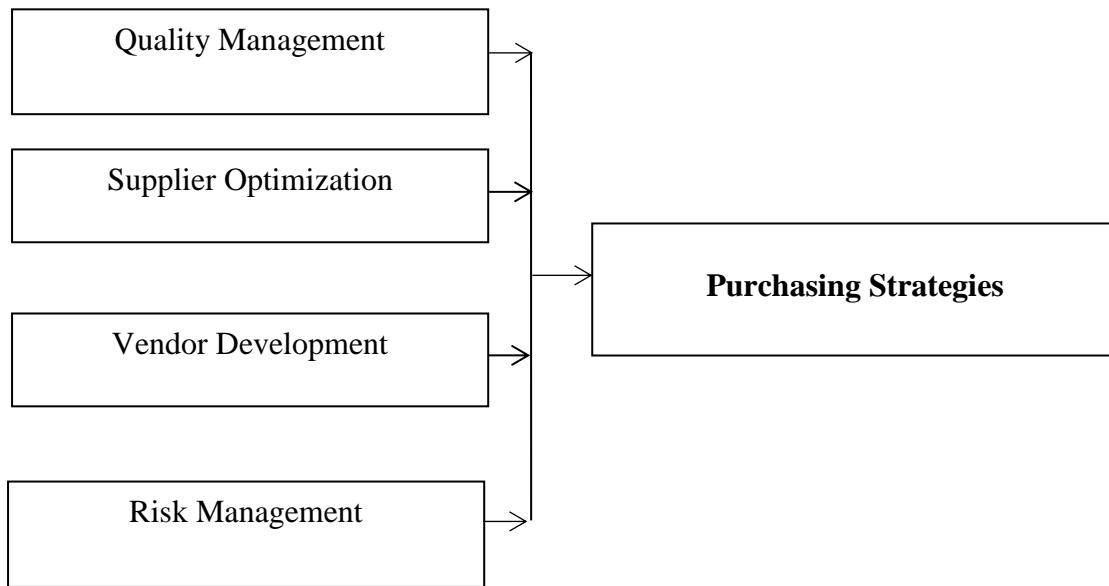
Portfolio model is the most cited model where buyer and supply market strength is considered while Cox (2013) focuses specifically on the power of his portfolio model which classify buyer supplier power into four aspects; the buyer might have dominance, the supplier might have dominance, they might be independent of each other and they might be mutually interdependent. The buyer can leverage supplier's performance on cost and quality and to maintain only normal returns for the supplier this occurs when the buyer is on a dominance position. While in the interdependence position all the parties have resources that require them to closely work together. But within the independent position where none of the partners has leverage, it's suggested that all the parties must accept the existing quality levels and price.

Several studies have been conducted on best procurement practice and organization performance such as Lee (2009) conducted a study on procurement best practices as measure for improving efficiency, quality and delivery performance of suppliers. Another study conducted by Mark, Wilson and Ram (2010) to investigate the implementation of lean procurement among SMEs. In Kenya there are few organization have successfully embraced procurement best practices like a study conducted by Gitahi (2011) on e-procurement and employment qualification of procurement staff at Cadbury Kenya ltd. it's in this light that current study intends to determine the effects of purchasing strategies on organisational performance at Gertrude's children hospital.

2.4 Conceptual Framework

The research is guided by the theoretical structure. The conceptual framework presents and defines the philosophies that attempt to explain the research problem under study with a keen focus on the specific variables being sought in the study.

Figure 2.1: Figure Showing Conceptual Framework



2.6 Operationalization of variables

Table 2.1: Table showing operationalization of variables

Variable	Indicators	Measurement
Quality Management	<ul style="list-style-type: none"> • Quality management system • Quality certification • Quality services • Quality goods 	Descriptive statistics
Supplier Optimization	<ul style="list-style-type: none"> • Organization goals • Organization strategies • Supplier performance • Contract pricing compliance 	Descriptive statistics
Vendor Development	<ul style="list-style-type: none"> • Contract negotiation • Constant communication • Performance management 	Descriptive statistics
Risk Management	<ul style="list-style-type: none"> • Operations risk • Risk mitigation • Monitoring risk • Credit risk 	Descriptive statistics

2.6 Chapter Summary

This chapter has put into account various literature on the subject under the study. Literature review intentions is to establish information and research works that has been conducted in quality management , supplier optimization , vendor development , and risk management and related literature in the view on effects of purchasing strategies on organisational performance. Review of literature involves documenting information and data that has a positive relation with study variables and are related to the study. The works sets out to scrutinize and examine research variables in order to develop the basis of forming study methodology and analysis in order to gather the required information required for drawing conclusions on the study main objective.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This section of the research study describes and outlines the methodology that was adopted and use in the study in order to meet the main study objective. Study approach offers and clarification into what type of research this study is all about. It also defines study population and the specific sampling methods to be used, data analysis and collection methods. The chapter also include design, pilot study, validity, reliability and ethical consideration.

3.1 Research Design

Orodho (2009) defines research design as general layout that is used to answer research questions. The research problem was conducted using a descriptive research design that is cross sectional in nature. The study will seek to describe a situation through the study of variable relationships. The study describes and defines the subject matter by profiling issues under study (Cooper & Schindler, 2008). According to Borg and Gall (2009), a research design that is descriptive is appropriate for studies that have specific issues where problems have been defined.

The researcher adopted this method in obtaining the most relevant, recent and in-depth information on the study topic. This will also help the researcher to critically analyse the problem in question with a view of drawing more specific and detailed information that is useful to the research study.

3.2 Target Population

Borg and Grall (2009) described target population as common set of study units which the researcher wishes to generalize results. The study target populations of this study were staff of Gertrude's Children while the study population was 250 employees. According to Cooper and Schindler (2008) target populations are units that have observable characteristics that the study uses to generalize the finding.

Table 3.1: Table showing target population

Category	Target population	Percentage
Senior managers	20	8
Middle level managers	70	28
Non-management staff	160	64
Total	250	100

3.3 Sample and sampling technique

A stratified proportion sampling was employed to obtain a suitable unit representative of analysis. This was because of the heterogeneity of the population and respondents all had equal opportunity of participation. Cooper and Schindler (2008) argue that a stratified proportional sample will increase efficiency and submit enough data for analysis. This method is cost effective, fast track data collection, and access to the unit of analysis and fundamentals of the research. Sampling that is random stratified was adopted in choosing the respondents. Borg and Grall (2009) observed that sample drawn randomly is unbiased and all the populations have an equal chance of being selected.

According to Kothari (2004), a sample size of between 10% and 30% is a good representation of the target population, for populations below 10000. In stratified random sampling, the population is categorized into various strata. Random sampling is then applied in the selection of the respondents from each of the strata. In random sampling all the respondents have equal chances of being selected. The advantage of this method is that it gives a sample size that is representative of the whole population. The study adopted a stratified random sampling technique to select 45 % of the target population as the sample size.

Table 3.2: Table showing sample size

Category	Target Population	Sample Size	Percentage
Senior Managers	20	8	8%
Middle Level Managers	70	28	28%
Non-Management Staff	160	64	64%
Total	250	100	100

3.4 Instruments

The researcher used questionnaires as the main data collection instrument. A questionnaire is an instrument of research that contains questions on the variables of the study (Borg & Grall, 2009). Cooper and Schindler (2008) describe questionnaires as a list of standard questions prepared to fit certain inquiry. According to Arodho (2008) questionnaires measures likelihood of straight, blunt and even answers. The researcher used questionnaires which are more efficient and economical tool for descriptive research for the sample size that is chosen. Questionnaires was adopted because they are superior to interviews because of social communication operates strongly in face to face situation that may hinder an individual from expressing what they feel. The researcher used likert-type format of questionnaires and will further be divided into two sections, Part A captured demographic information while Part B was organized according to research questions.

3.5 Pilot study

The purpose of the pilot study is to establish the reliability and validity of study questionnaires and hence enhance face validity. Content validity was employed by researcher to measure the point to which data was collected using the questionnaires representing each variable. The pilot testing was conducted using the questionnaire on 10 staff based at Gertrude's Pangani Clinic branch. The pilot group was carried out through random sampling.

3.5.1 Validity

The researcher used both content and faces visibility to ascertain validity of the questionnaire. Cooper and Schindler (2008) describe validity as the correctness, capacity of interpretations founded on study finding. Gillham (2008) explains that understanding and expertise protected

by items tested in large area dynamics. The research study supervisor will go through the questionnaire to assess the validity.

3.5.2 Reliability test

Reliability of the questionnaire was tested through a pilot study in which the questionnaires are pre-tested to a sample group similar to the actual sample. According to Cooper and Schindler (2008) a questionnaire has the same expectation-that is reliably does what it is designed to do every time is used. According to Orodho (2009) a reliability test of research instruments is one that consistently produces the expected results. Cooper and Schindler (2008) points out that instrument reliability refer to the level of internal consistency or the stability of the measuring devices. This is important in finding out any deficiencies in the questionnaire and rectifying them before the actual questionnaire are issued out. The construct multiple of reliability is Cronbach alpha of 0.6 according to Kombo and Tromp (2009).

3.6 Data collection procedure

The researcher used questionnaires to collect data especially primary data as outlined by Saunders, Lewis and Thornhill (2009). The researcher used questionnaires which are more efficient and economical tool for descriptive research for the sample size that is chosen. This way it was easier to identify the level by which the respondent agreed or disagreed (Saunders, Lewis & Thornhill, 2009). The study used secondary data for literature review; these materials used included books, journals, reports, and magazine. The researcher collected primary data for this study report and use secondary data for literature review

3.7 Data Analysis and Presentation

Descriptive statistics such as mean and frequency distribution was used to analyse the data. Inferential statistics was used in drawing conclusions. Data in the questionnaire was analysed using frequency distributions and percentages to determine the respondent's responses.

According to Zikmund, Babin, Carr, and Griffin (2010) data analysis refers to the application of reasoning to understand the data that has been gathered with the aim of determining consistent patterns and summarizing the relevant details revealed in the investigation. This involves coding, editing, data entry, and monitoring the whole data processing procedure. To determine the patterns revealed in the data collected regarding the selected variables, data analysis was guided by the aims and objectives of the research and the measurement of the data collected. The data and information obtained through the questionnaire was first checked for

completeness. Data gathered from correctly filled questionnaires was coded, tabulated and analyzed using SPSS version 22 by both descriptive statistics which include mean and standard deviation to capture the characteristics of the variables under study.

3.8 Ethical Consideration

The research will be guided by the following ethics during the period of the study; Honesty; the research strived for honesty in all communications. Honestly report data, results, methods and procedures, and publication status. The study was objective in nature that it avoided biasness in its experimental study design, peer reviewed, expert testimony, data was analyzed without any bias and all aspects of research were put into consideration. The study observed integrity by keeping agreements and promises that study come along during the research period and the researcher strived for consistency during the entire process. The study avoided careless mistakes and negligence will examining the study variables. The researcher critically and carefully examined literature review and kept a good record of all the activities that study was involved in such as correspondences with the sampled population, data collections date and venues as well as the design that was adopted for the study. The research explained the purpose of the study to the target audience and the reason why their provision of data would paramount to achieving the main objective of the study that was a requirement for completion of a study in degree in management and leadership at the Management University of Africa.

The data that was collected and treated with total confidentiality and respondents were asked not to indicate their names or those of the enterprises they operate. And as requirement to the study anonymity of the respondents was important during the entire period this was achieved through administration of questionnaires that were collected in unmarked and sealed envelopes that the research provided. The researcher showed openness during the entire period there was the respect of intellectual property rights as well as copy rights and all the communication were protected from third party access.

3.9 Chapter Summary

The chapter discussed the methods and procedures that were employed in the research study, stated the preferred research design and further highlighted that descriptive research design was preferred because it enabled the researcher to draw recommendations about the interested population based on the findings. The chapter stated how the data was collected and the sample

size to be included in the study population. The chapter further highlights that the researcher was conducted descriptive and inferential statistics to analyze data.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSION

4.0 Introduction

The section of the chapter provides research study findings as outlined in the study questionnaires. The chapter is sectioned into respondent's demographic information, responses on study variables and limitations of the study. Field data analysed by simple descriptive analysis. In this note therefore, this chapter presents results of the research in different sub-sections as provided in study variables.

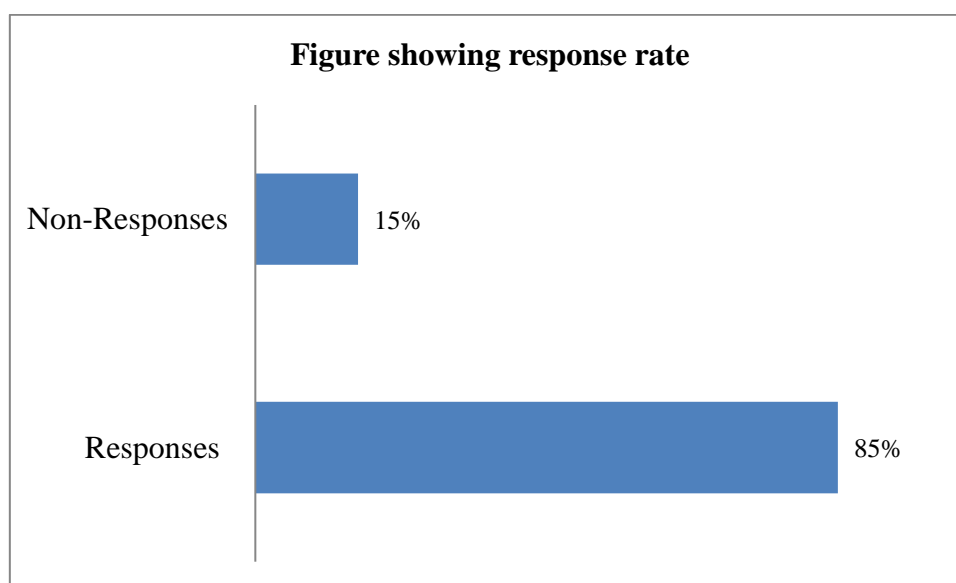
4.1 Presentation of research findings

4.1.1 Response Rate

Table 4.1: Table showing response rate

Category	F(n)	Percentage
Responses	85	85
Non-Responses	15	15
Total	100	100

Figure 4.1: Figure showing response rate



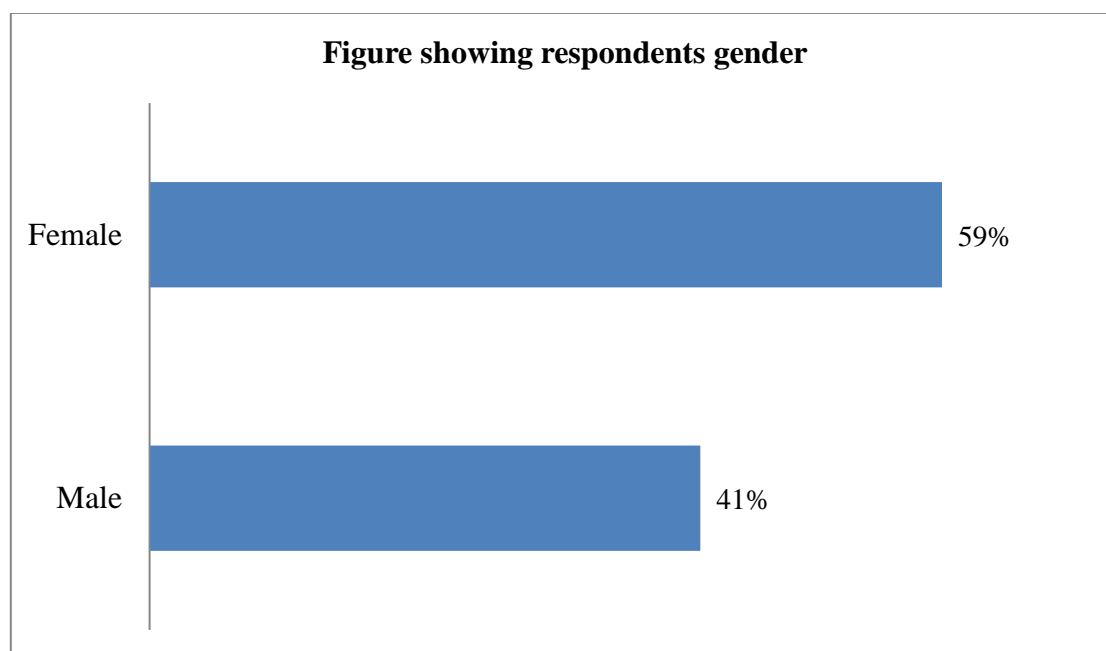
As shown in table 4.1 and figure 4.1 out of 100 distributed questionnaires 85% were full filled and return and 15% were not returned or were not fully filled. The valid sample that is to be used for the study is 85.

4.1.2 Respondents demographic information

Table 4.2: Table showing respondents gender

Category	F(n)	Percentage
Male	35	41
Female	50	59
Total	85	100

Figure 4.2: Figure showing respondents gender

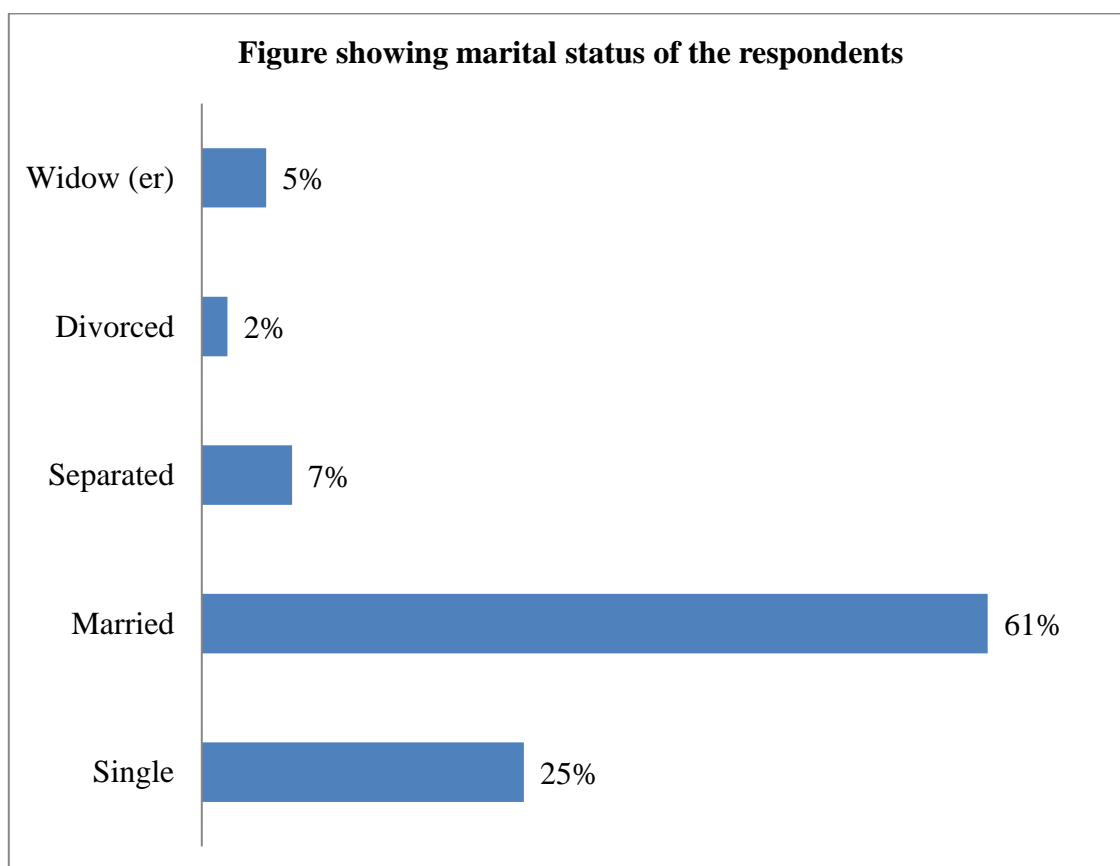


As provided by the field research data in the responses given as shown in table 4.2 and figure 4.2 above, the female respondents were the majority while the male were deprived. Female respondents made majority of the respondents at 59% while the female respondents who participated in the study made 41%.

Table 4.3: Table showing marital status of the respondents

Category	F(n)	Percentage
Single	21	25%
Married	52	61%
Separated	6	7%
Divorced	2	2%
Widow (er)	4	5%
Total	85	100

Figure 4.3: Figure showing marital status of the respondents

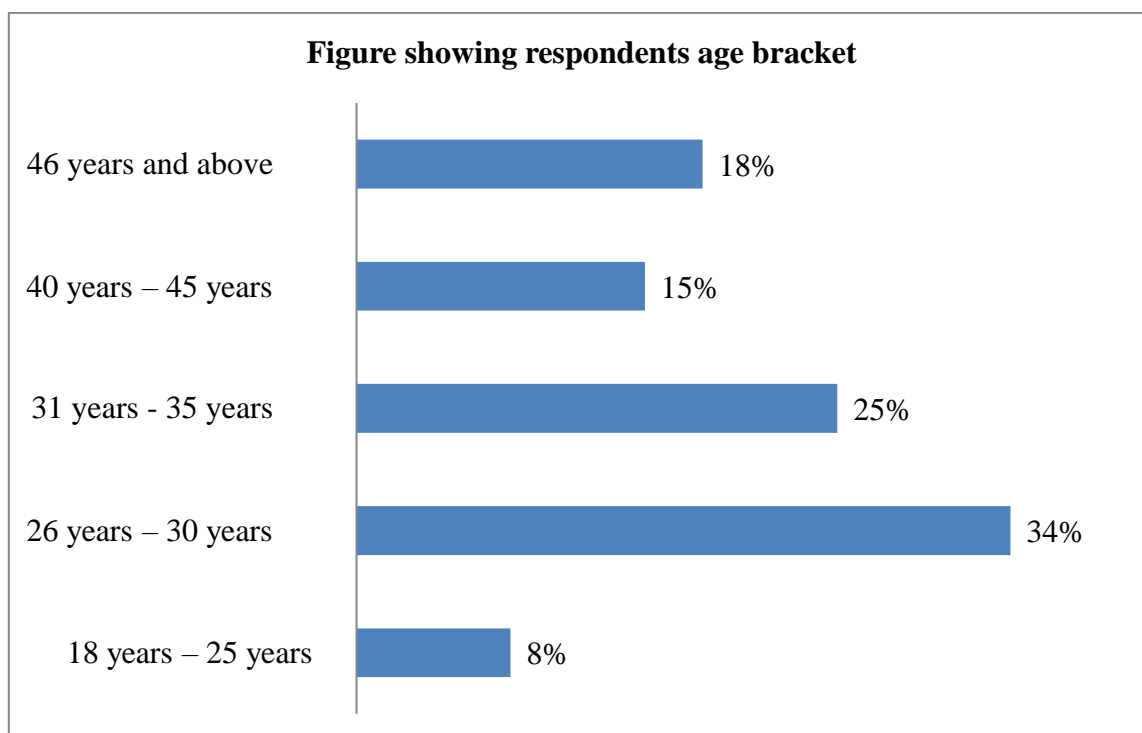


As shown in table 4.3 and figure 4.3 above respondents were required to indicate their marital status. A majority of the respondent at 61% were married, 25% were single, 7% were separated while 2% were widow (er) and 5% were divorced. This can be interpreted that the majority of the respondents are responsible people in the society.

Table 4.4: Table showing respondents age bracket

Category	F(n)	Percentage
18 years – 25 years	7	8%
26 years – 30 years	29	34%
31 years - 35 years	21	25%
40 years – 45 years	13	15%
46 years and above	15	18%
Total	85	100

Figure 4.4: Figure showing respondents age bracket



As shown in table 4.4 and figure 4.4 above respondents were required to indicate their age bracket 8 % indicated 18 years – 25 years, 34 % indicated 26 years – 30 years, 25% indicated 31 years - 35 years while 15% indicated 40 years – 45 years and 18 % were 46 years and above.

Table 4.5: Table showing respondents education level

Category	F(n)	Percentage
College	9	11%
Degree	42	49%
Master	29	34%
PhD or Pursuing	5	6%
Total	85	100

Figure 4.5: Figure showing respondents education level

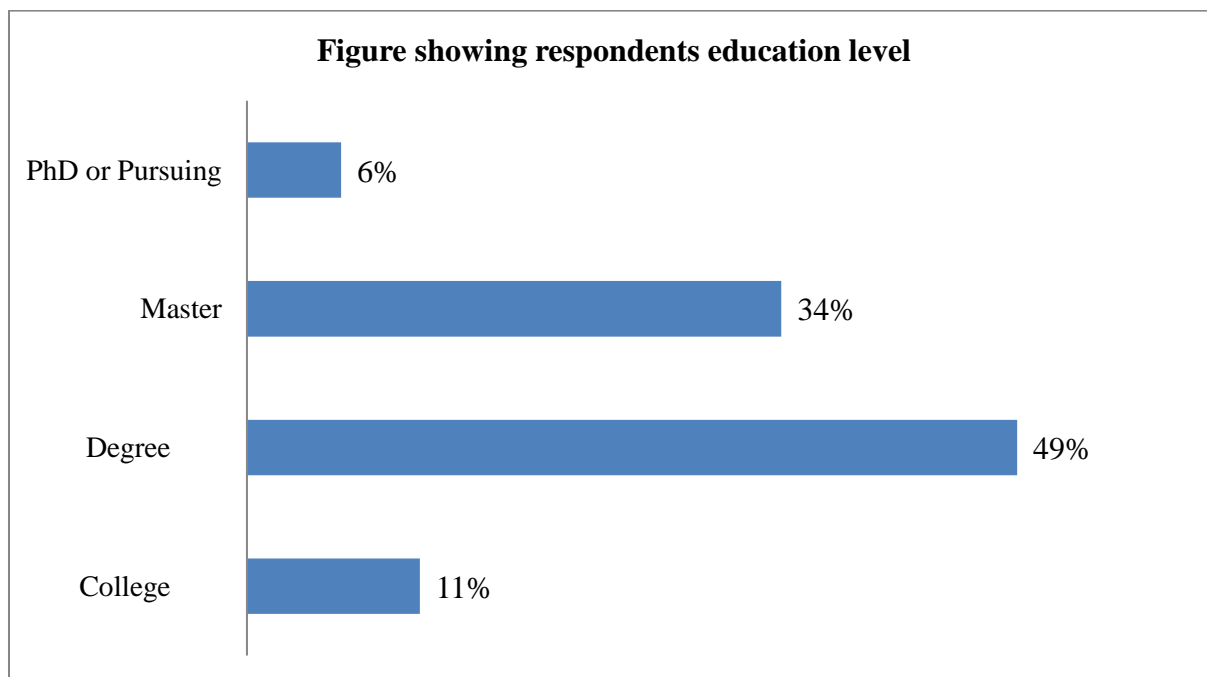


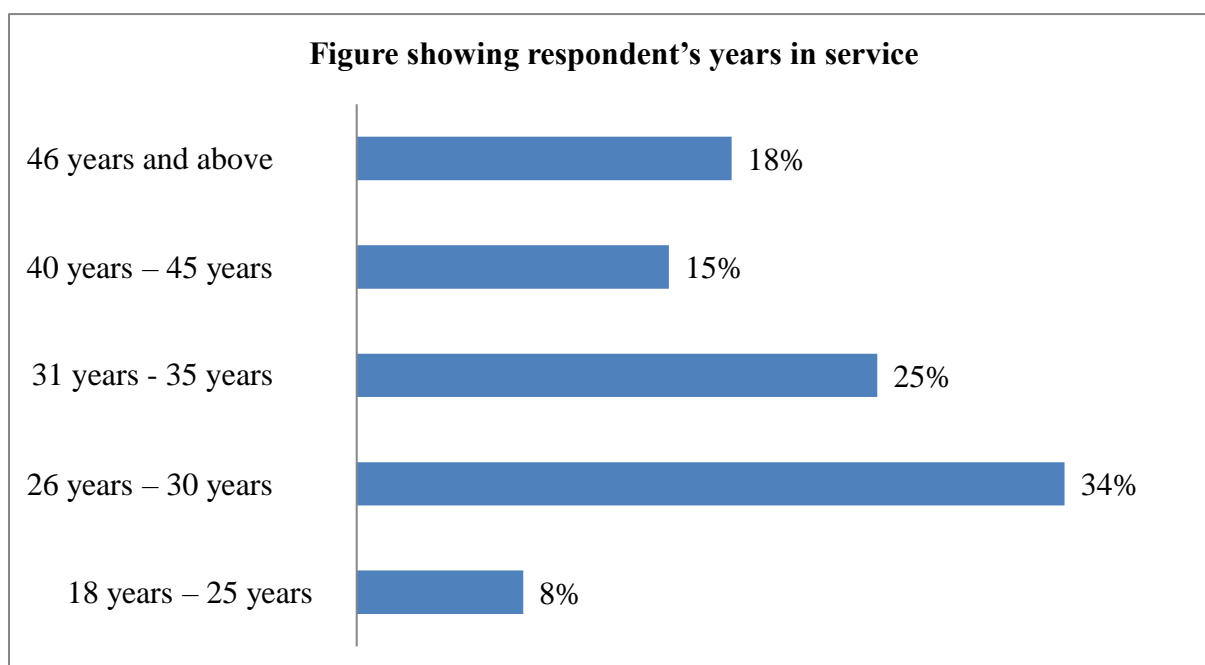
Table 4.5 and figure 4.5 above respondents were required to indicate their highest level of education and the majority at 49 % indicated degree, 34 % indicated master level of education

and 11% indicated collage level education while 6 % were pursuing PhD or had as their heist level of education. This shows that all the staffs at Gertrude’s children hospital has at least college level of education and above this show that work at the organizations require professional input.

Table 4.6: Table showing respondent’s years in service

Category	F(n)	Percentage
1years – 5 years	12	14%
6 years – 10 years	32	38%
11 years - 15 years	26	31%
16 years and above	15	18%
Total	85	100

Figure 4.6: Figure showing respondent’s years in service



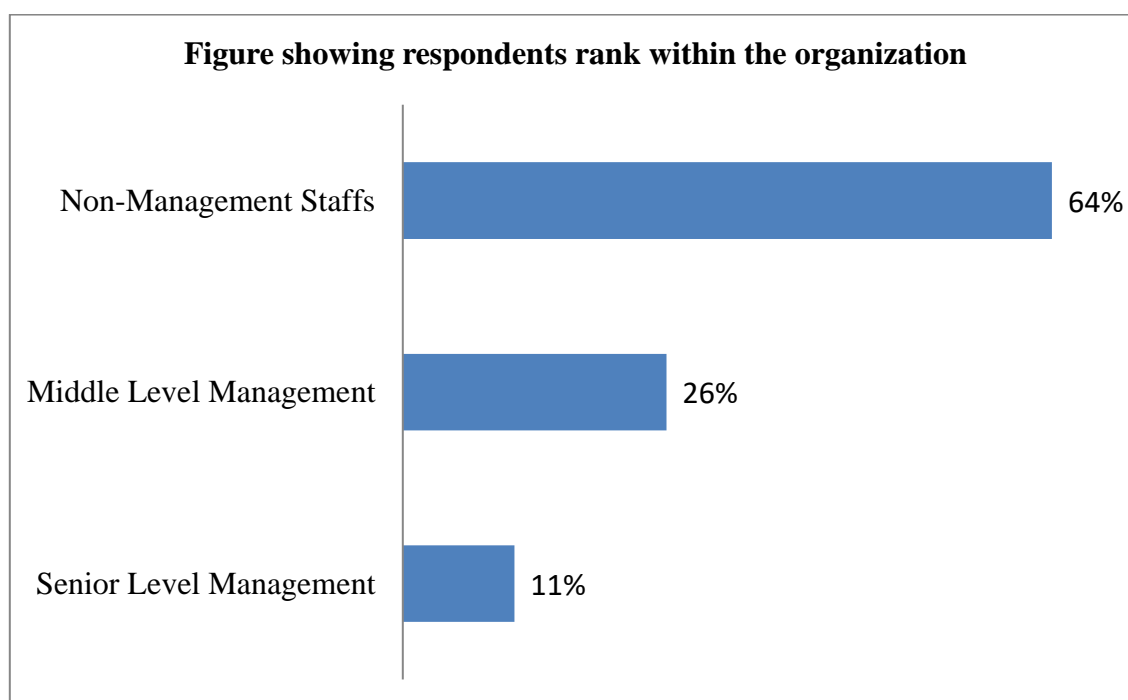
As shown in table 4.6 and figure 4.6 respondents were required to indicate how many years they have been in service. 14 % indicated 1year – 5 years, 38 % indicated 6 years – 10 years while 31 % indicated 11years – 15 years and finally 18 % indicated 16 years and above. The

research findings indicated that the respondents had worked in the organization 80 % had worked for over 5 years in the organization the respondent had long experience in service.

Table 4.7: Table showing respondents rank within the organization

Category	F(n)	Percentage
Senior Level Management	9	11%
Middle Level Management	22	26%
Non-Management Staffs	54	64%
Total	85	100

Figure 4.7: Figure showing respondents rank within the organization



As shown in Table 4.7 and Figure 4.7 among the respondents were required to indicate their jobs ranks 11% indicated senior level management and 26% were middle level management while 64 % indicated non-management staff. This shows that all categories in the organization were well presented in the study.

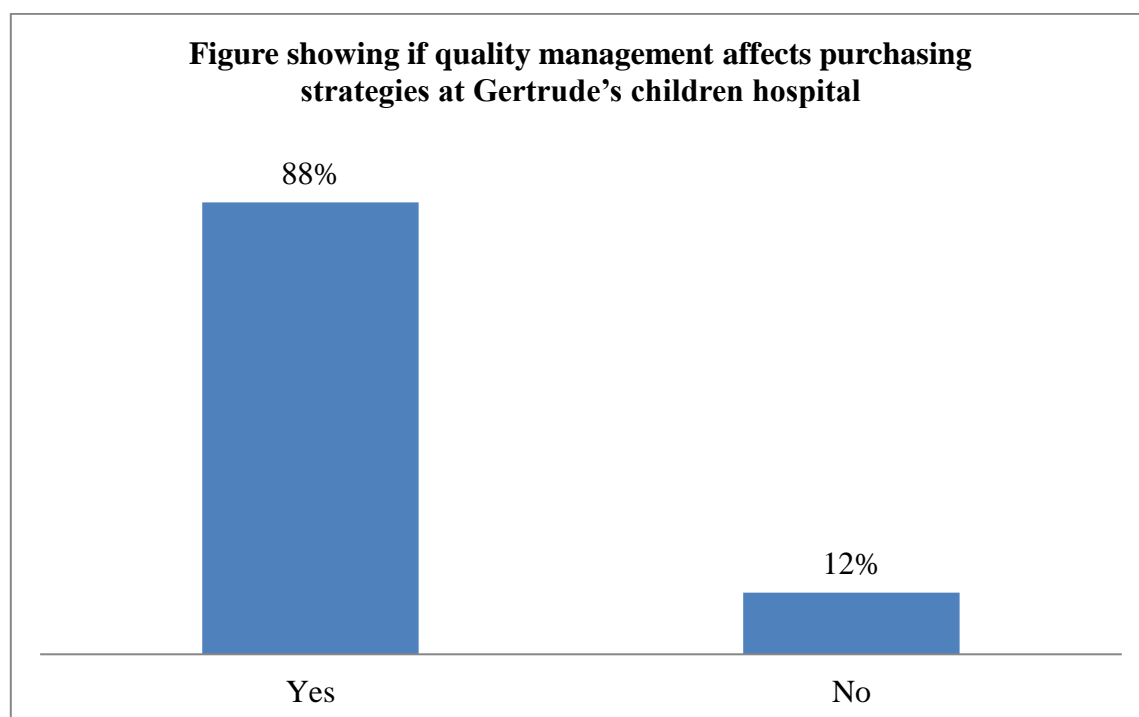
4.1.3 Main study variables

4.1.3.1 Quality Management

Table 4.8: Table showing if quality management affects purchasing strategies at Gertrude's children hospital

Category	F(n)	Percentage
Yes	75	88
No	10	12
Total	85	100

Figure 4.8: Figure showing if quality management affects purchasing strategies at Gertrude's children hospital



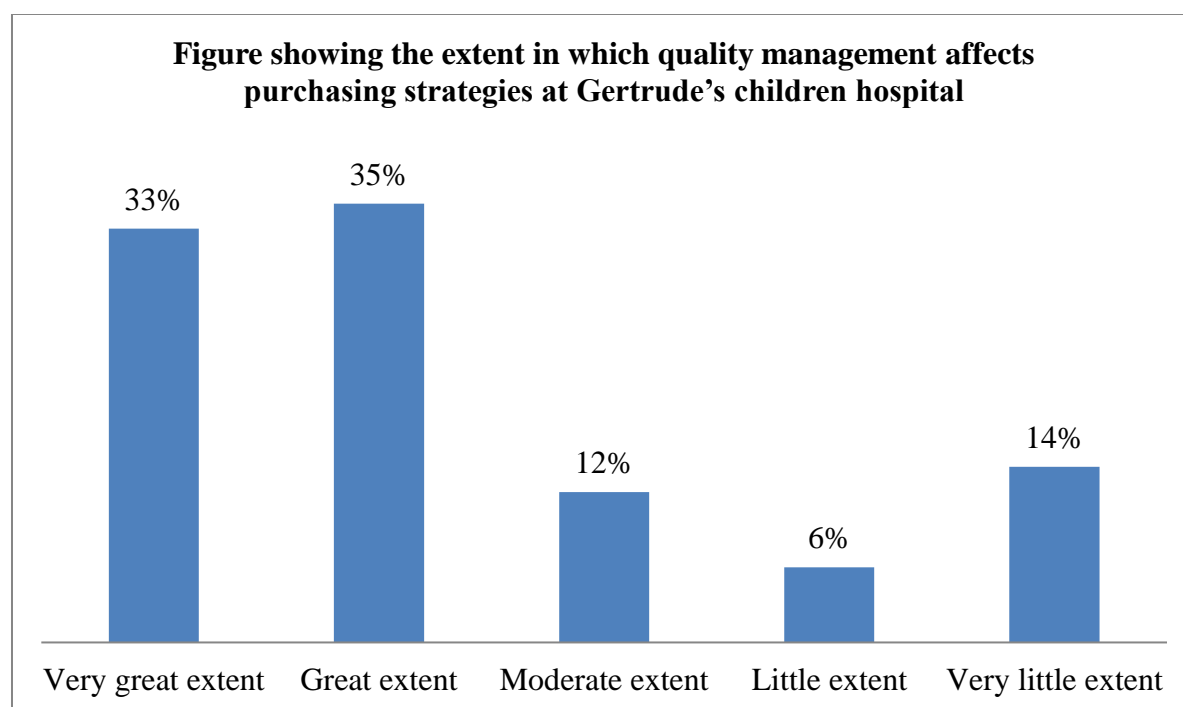
As shown in table 4.8 and figure 4.8 respondents were required to indicate if quality management affects purchasing strategies at Gertrude's children hospital. The responses were as follows 88% agreed that quality management affects purchasing strategies and 12% disagreed that it doesn't affect. This response can be interpreted to that the quality management

influences and determine purchasing strategies at Gertrude's children hospital the way suppliers are identified and it can be noted that quality management affects purchasing strategies at Gertrude's children hospital.

Table 4.9: Table showing the extent in which quality management affects purchasing strategies at Gertrude's children hospital

Category	F(n)	Percentage
Very great extent	28	33%
Great extent	30	35%
Moderate extent	10	12%
Little extent	5	6%
Very little extent	12	14%
Total	85	100

Figure 4.9: Figure showing the extent in which quality management affects purchasing strategies at Gertrude's children hospital



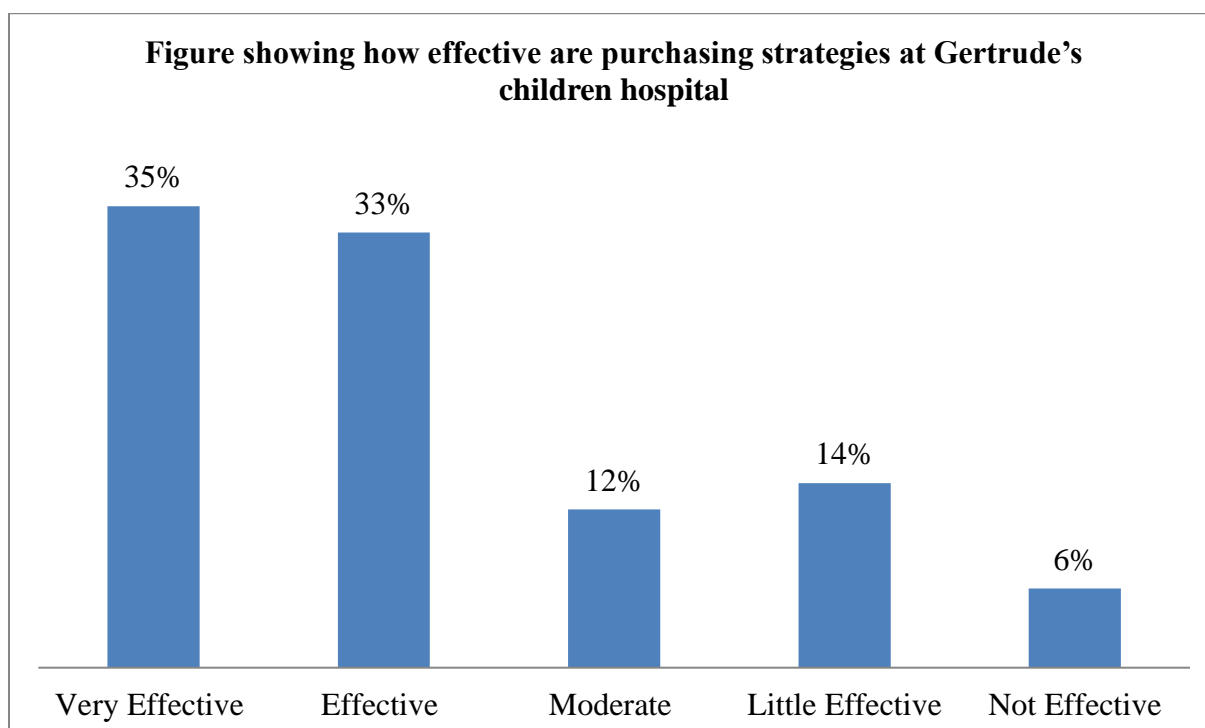
As tabulated in table 4.9 and shown in figure 4.9 respondents were asked to what extent does quality management affects purchasing strategies at Gertrude's children hospital. 33 %

indicated very great extent, 35 % indicated great extent, 12 % indicated moderate extent while 6 % indicated very little extent and 12 % indicated very little extent. This can be interpreted that quality management affects purchasing strategies at Gertrude's children hospital since the majority responded that it is greatly considered.

Table 4.10: Table showing how effective are purchasing strategies at Gertrude's children hospital

Category	F(n)	Percentage
Very Effective	30	35%
Effective	28	33%
Moderate	10	12%
Little Effective	12	14%
Not Effective	5	6%
Total	85	100

Figure 4.10: Figure showing how effective are purchasing strategies at Gertrude's children hospital

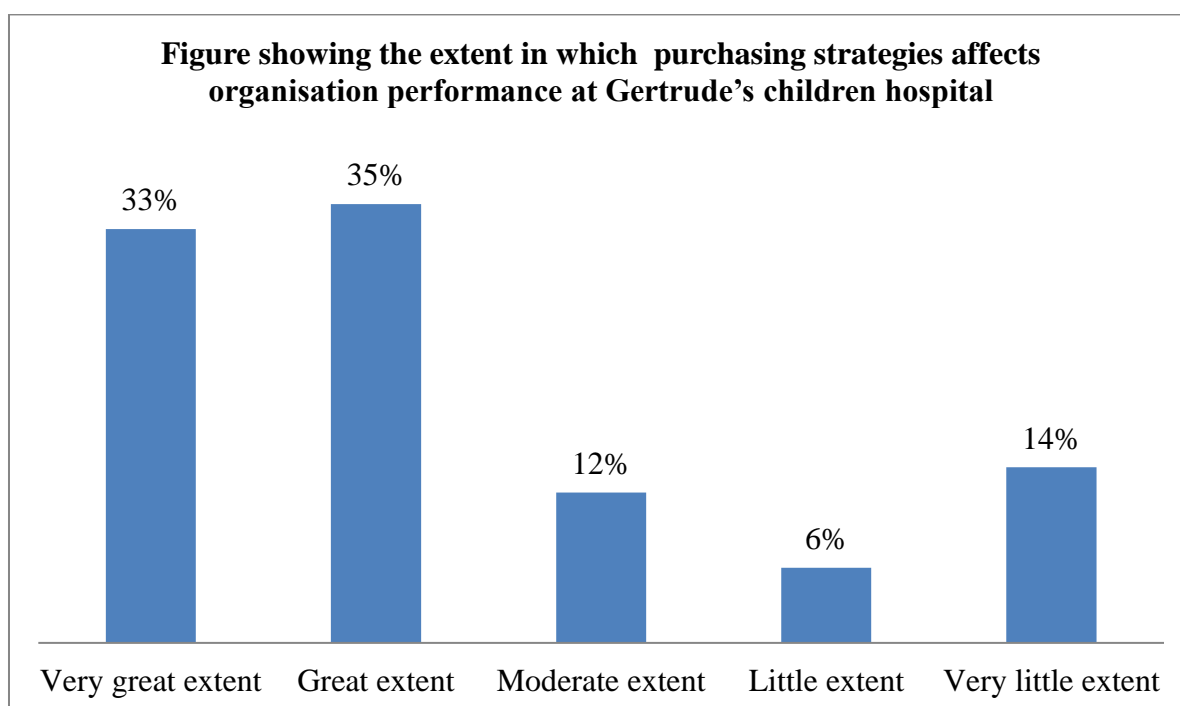


As shown and tabulated in table 4.10 and figure 4.10 above respondents were asked to indicated how effective are purchasing strategies at Gertrude’s children hospital; 35 % indicated very effective, 33 % indicated effective , 12 % indicated its moderate while 14% indicated little effective and 6 % indicated not effective. This shows that the majority of the respondents believed the at Gertrude’s children hospital is effective.

Table 4.11: Table showing the extent purchasing strategies affects organisation performance at Gertrude’s children hospital

Category	F(n)	Percentage
Very great extent	28	33%
Great extent	30	35%
Moderate extent	10	12%
Little extent	5	6%
Very little extent	12	14%
Total	85	100

Figure 4.11: Figure showing the extent purchasing strategies affects organisation performance at Gertrude’s children hospital



As tabulated in table 4.9 and shown in figure 4.9 respondents were asked to what extent does purchasing strategies affects organisation performance at Gertrude’s children hospital. 33 % indicated very great extent, 35 % indicated great extent, 12 % indicated moderate extent while 6 % indicated very little extent and 12 % indicated very little extent. This can be interpreted that purchasing strategies affects organisation performance at Gertrude’s children hospital since the majority responded agreed.

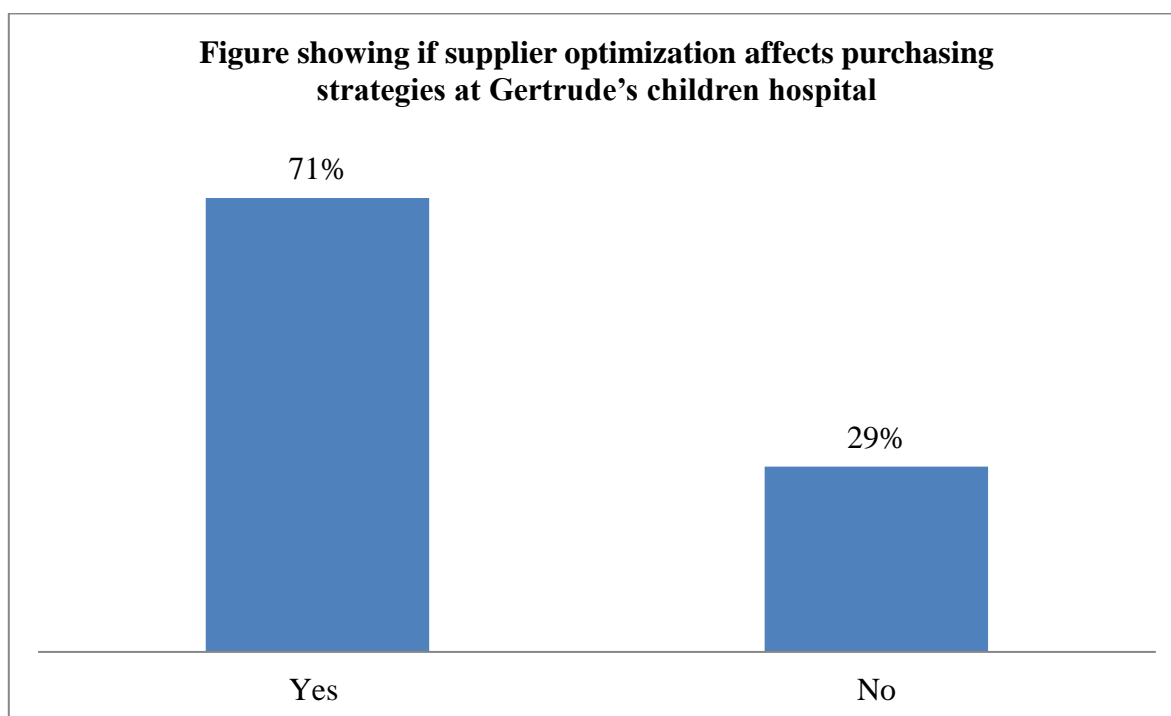
The findings are in line with Berry, Zeithaml and Parasuraman (2007) explains perceived quality focuses on the extent in which discrepancy between customer expectations and the level of quality they perceive that have received. Customer perceptions and expectations are both entirely subjective. However they define service quality as perceived by the customers as being a purely individual estimation curtailing from the position of the client. A study by Park and Yoo (2007) established that service quality is the extent to which a firm is capable of effectively satisfaction of customer’s objectives. Quality is what every organization strives to thrive on and it’s a challenge to most organisation. Clients are more informed and increase in demanding quality product and services, they also confirm whether product brand is certified and it’s of good quality. The level of product quality has an impact on organization performance which directly influence and develop trust.

4.1.3.2 Supplier Optimization

Table 4.12: Table showing if supplier optimization affects purchasing strategies at Gertrude’s children hospital Nairobi

Category	F(n)	Percentage
Yes	60	71
No	25	29
Total	85	100

Figure 4.12: Figure showing if supplier optimization affects purchasing strategies at Gertrude’s children hospital

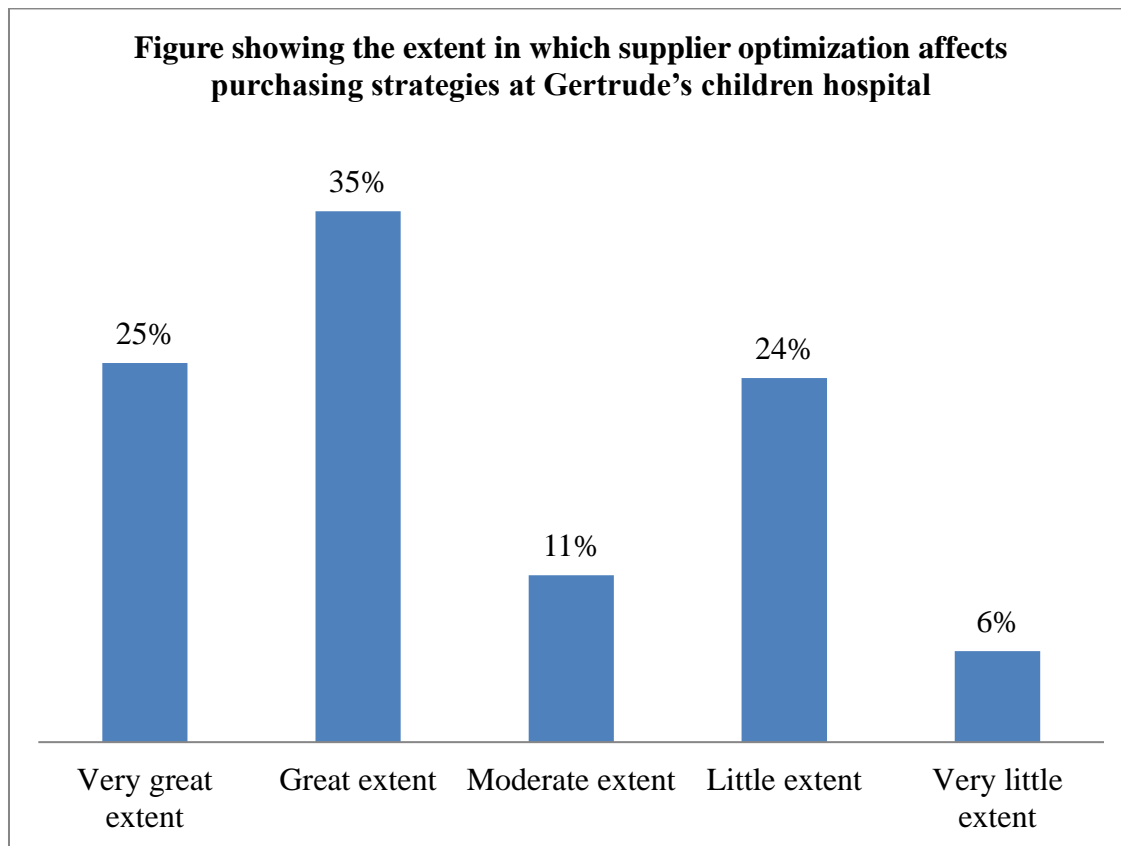


As shown in table 4.12 and figure 4.12 respondents were required to indicate if supplier optimization affects purchasing strategies at Gertrude’s children hospital Nairobi, 71% agreed while 29% were of a contrary opinion. This can be concluded that supplier optimization is one of the important factors that determining purchasing strategies at Gertrude’s children hospital.

Table 4.13: Table showing the extent in which supplier optimization affects purchasing strategies at Gertrude’s children hospital

Category	F(n)	Percentage
Very great extent	21	25%
Great extent	30	35%
Moderate extent	9	11%
Little extent	20	24%
Very little extent	5	6%
Total	85	100

Figure 4.13: Figure showing the extent in which supplier optimization affects purchasing strategies at Gertrude's children hospital



As tabulated in table 4.13 and shown in figure 4.13 respondents were asked to what extent does supplier optimization affects purchasing strategies at Gertrude's children hospital. 25% indicated very great extent, 35% indicated great extent, 11% indicated moderate extent while 24% indicated very little extent and 6% indicated very little extent. This can be interpreted that supplier optimization is an important factor that affects purchasing strategies.

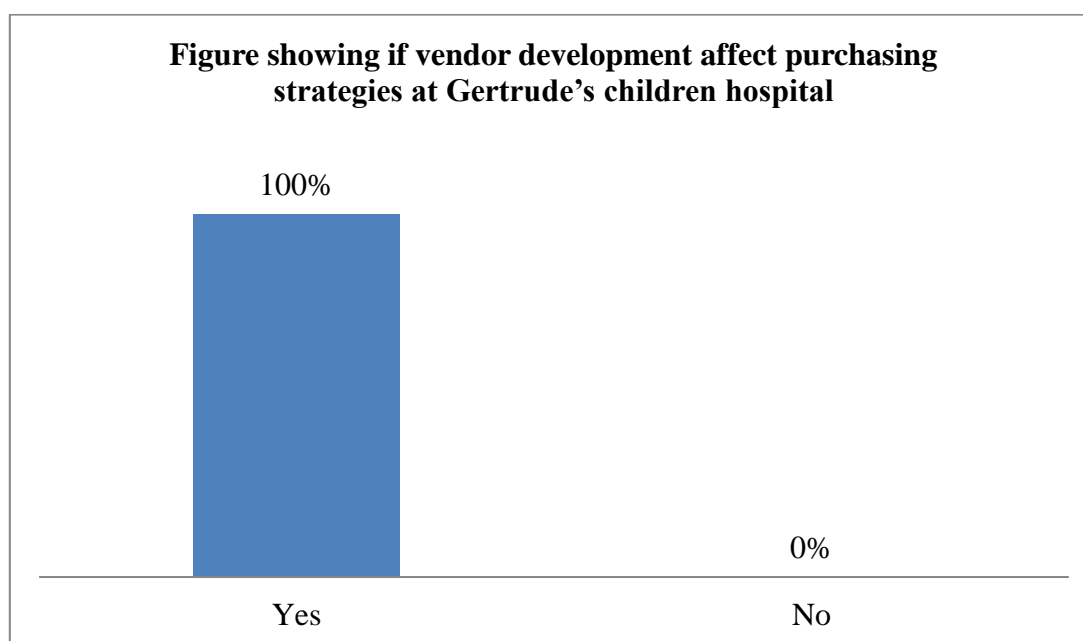
Li (2011) established three fundamental factors in supplier optimization based on the documented supplier optimization criteria that is needed to assess supplier service capabilities and as well as buyers managerial and strategies aliment. Tan (2008) encouraged the use of integrated model that combine the analytical hierarchy and grey relation analysis in a single evaluation model. Tan suggested that the model is effective in integrating experience and knowledge in evaluation of suppliers in order to select the best supplier. Supplier optimization is a complex and time consuming process that evaluation criteria that includes cost, quality, delivery system, facilities, and personnel among others. The evaluation of suppliers as complex as it maybe numeral criterial must be considered in the selection and decision making process. However, different criteria are employed by different organization during the process

4.1.3.3 Vendor Development

Table 4.14: Table showing if vendor development affect purchasing strategies at Gertrude's children hospital

Category	F(n)	Percentage
Yes	85	100
No	0	0
Total	85	100

Figure 4.14: Figure showing if vendor development affect purchasing strategies at Gertrude's children hospital



As shown in table 4.14 and figure 4.14 respondents were required to indicate if quality services and goods affects supplier appraisal in the airline industry, all the respondents agreed 100%. This can be concluded that quality services and goods is one of the important factors that help in determining suppliers.

Table 4.15: Table showing the extent in which vendor development affect purchasing strategies at Gertrude’s children hospital

Category	F(n)	Percentage
Very great extent	55	65%
Great extent	30	35%
Moderate extent	0	0%
Little extent	0	0%
Very little extent	0	0%
Total	85	100

Figure 4.15: Figure showing the extent in which vendor development affect purchasing strategies at Gertrude’s children hospital

As tabulated in table 4.15 and shown in figure 4.15 respondents were asked to what extent vendor development affects purchasing strategies at Gertrude’s children hospital. 65% indicated very great extent and 35% indicated great extent while none indicated moderate extent, little extent and very little extent. This can be interpreted that vendor development affects purchasing strategies at Gertrude’s children hospital.

Talluri (2010) describe vender development is an economic activity and requires commitment from suppliers and organization. Organization face challenges in effective utilization of limited resources for development relationship with their vendors. Vender developments are considered as important component of supply chain management, that’s plays, a crucial role in performance improvement in buyer supplier relations (Krause and Ellram, 2009).

Schmitz and Platts (2014) explain the importance of investigating the area of organization performance while focusing on supplier and buyers relationship. They studied performance measurement within organizations in relations to inter organization performance in order to

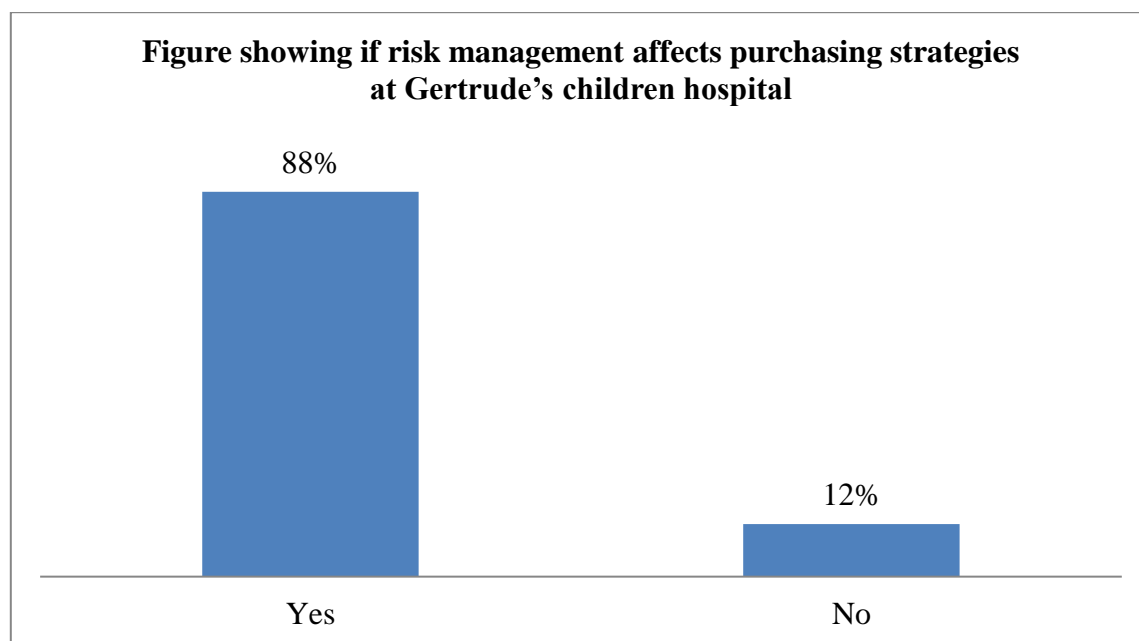
improve supplier performance. A study by Forlund and Johnson (2009) to identify trust, aligned goals and priorities that needed to overcome performance management effectiveness between suppliers and buyers. According to Handfield (2009) measuring vendor performance is not easy because companies find it difficult to evaluate vendor contractual obligations fulfilment. Firms need to make decision on what is important for them to measure and how they will allocate the weight to the measure standards.

4.1.3.4 Risk Management

Table 4.16: Table showing if risk management affect purchasing strategies at Gertrude's children hospital

Category	F(n)	Percentage
Yes	75	88
No	10	12
Total	85	100

Figure 4.16: Figure showing if risk management affects purchasing strategies at Gertrude's children hospital



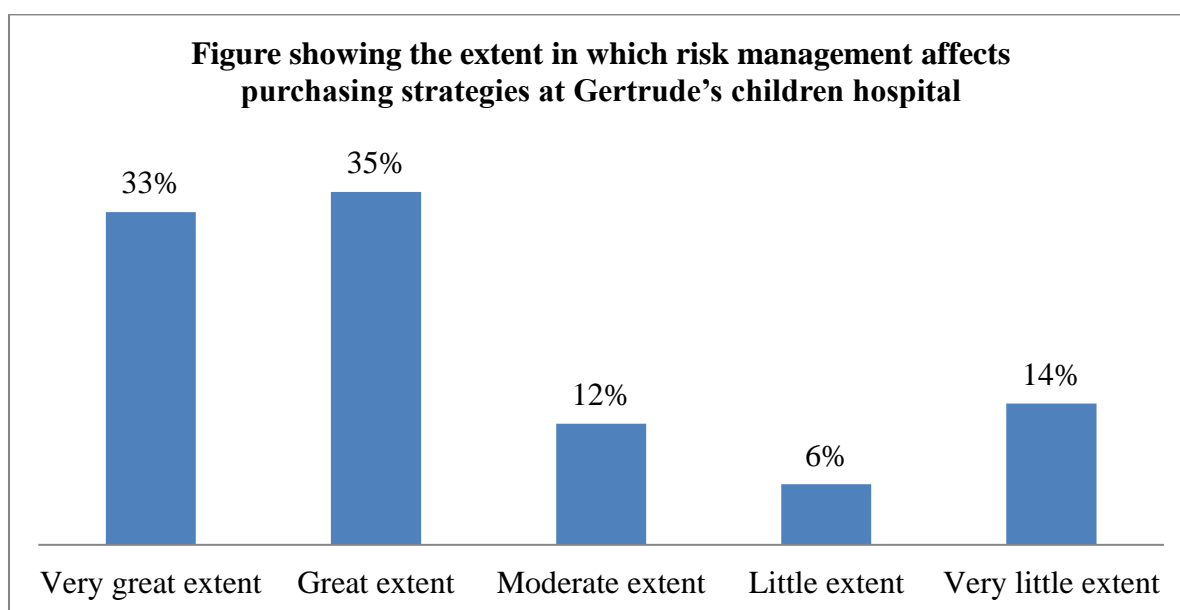
As shown in table 4.16 and figure 4.16 respondents were required to indicate if risk management affects purchasing strategies at Gertrude's children hospital. The responses were

as follows 88% agreed that risk management affects purchasing strategies and 12% disagreed that it doesn't affect. This response can be interpreted to that the risk management influences and determine purchasing strategies at Gertrude's children hospital the way suppliers are identified and it can be noted that quality management affects purchasing strategies at Gertrude's children hospital.

Table 4.17: Table showing the extent in which risk management affects purchasing strategies at Gertrude's children hospital

Category	F(n)	Percentage
Very great extent	28	33%
Great extent	30	35%
Moderate extent	10	12%
Little extent	5	6%
Very little extent	12	14%
Total	85	100

Figure 4.17: Figure showing the extent in which risk management affects purchasing strategies at Gertrude's children hospital



As tabulated in table 4.9 and shown in figure 4.9 respondents were asked to what extent does risk management affects purchasing strategies at Gertrude's children hospital. 33 % indicated

very great extent, 35 % indicated great extent, 12 % indicated moderate extent while 6 % indicated very little extent and 12 % indicated very little extent. This can be interpreted that risk management affects purchasing strategies at Gertrude's children hospital since the majority responded that it is greatly considered.

Soyemi (2014) supply chain managers are employed for the purpose of managing organization information system in order to help monitor levels of risk and facilitate timely review of risk plus their exceptions. The recognition of the exact approach to adopt for monitoring risk management squarely depend on each individual organization which depends on a variety of features like size, nature of activities and sophistication of the activities. Monitoring risk has serval components such as internal control culture, effective internal reporting and contingency planning. George (2010) describes the key success of monitoring risk is proper planning (comprehensive, organizes and iterative approach) and aggressive execution. Price Waterhouse Coppers (2009) describes the integrated approach to operational risk management as proactive and representative of best practice compared to dispersed approach. The characteristics include the structure of operation risk management, resource investment, risk culture, and tools and technique. Firms must commit a large budget to setup operation risk system that is able to monitor, measure, identify and control risk that is associated with supply chain management.

4.2 Limitations of the study

The study had some limitations such as it was not possible to control the attitude of the respondents during data collection. The researcher however explained the reason for conducting the study to the respondents so as to get valid data. The study took into account that time and financial constraints may affect geographical coverage of the study. The respondents were not willing to disclose information. Also, due to the busy nature of work in their occupation respondents were not available when required, thus delaying the data collection procedure.

The researcher encountered poor cooperation from respondents especially the doctors who are always very busy. However, the researcher was very patient with them and allowed them to carry the questionnaires and pick them on a later date. The constraint of suspicion facilitated poor cooperation from respondents. Occasionally, the research encountered respondent who did not cooperate. The researcher also anticipates that respondents may not be willing to give out unbiased information due to fear of victimization. The above limitations were addressed by the researchers who personally talk to the respondents.

4.3 Chapter Summary

The researcher distributed questionnaires to 100 respondents and a response rate of 85% (n=85). The study failed to control the demographic data of the respondents. Information has stayed obtainable by use of tables, pie charts and graphs. Data has been analysed using descriptive statistics. This research report attempted to report the results of an exploratory study and data analysis and findings aimed to provide an understanding determine the effects of purchasing strategies on organisational performance a case study of Gertrude's children hospital Nairobi.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

The section of the study covers summary of the research findings, study recommendations and conclusion that is based on the study findings in relation to study variables with the aim of determine the effects of purchasing strategies on organisational performance a case study of Gertrude's children hospital Nairobi.

5.1 Summary of Findings

Out of 100 distributed questionnaires 85% were full filled and return and 15% were not returned or were not fully filled. The valid sample that was used in the study represents 85% response; the female respondents were the majority while the male were deprived. Female were at 59% while the female respondents who participated in the study made 41%. The respondents were required to indicate their marital status. A majority of the respondent at 61% were married, 25% were single, 7% were separated while 2% were widow (er) and 5% were divorced. They were also respondents were required to indicate their age bracket 8 % indicated 18 years to 25 years, 34 % indicated 26 years to 30 years, 25% indicated 31 years to 35 years while 15% indicated 40 years to 45 years and 18 % were 46 years and above. Respondents were required to indicate their highest level of education and the majority at 49 % indicated degree, 34 % indicated master level of education and 11% indicated collage level education while 6 % were pursuing PhD or had as their heist level of education. Respondents were required to indicate how many years they have been in service. 14 % indicated 1year – 5 years, 38 % indicated 6 years – 10 years while 31 % indicated 11years – 15 years and finally 18 % indicated 16 years and above. The research findings indicated that the respondents had worked in the organization 80 % had worked for over 5 years in the organization the respondent had long experience in service; among the respondents were required to indicate their jobs ranks 11% indicated senior level management and 26% were middle level management while 64 % indicated non-management staff. This shows that all categories in the organization were well presented in the study.

5.1.1 Quality Management

Respondents were required to indicate if quality management affects purchasing strategies at Gertrude's children hospital; 88% agreed that quality management affects purchasing strategies and 12% disagreed that it doesn't affect. Respondents were asked to what extent does quality management affects purchasing strategies at Gertrude's children hospital. 33 % indicated very

great extent, 35 % indicated great extent, 12 % indicated moderate extent while 6 % indicated very little extent and 12 % indicated very little extent. Respondents were asked to indicate how effective are purchasing strategies at Gertrude's children hospital; 35 % indicated very effective, 33 % indicated effective, 12 % indicated its moderate while 14% indicated little effective and 6 % indicated not effective. Respondents were asked to what extent does purchasing strategies affect organisation performance at Gertrude's children hospital. 33 % indicated very great extent, 35 % indicated great extent, 12 % indicated moderate extent while 6 % indicated very little extent and 12 % indicated very little extent.

The findings are in line with Berry, Zeithaml and Parasuraman (2007) explains perceived quality focuses on the extent in which discrepancy between customer expectations and the level of quality they perceive that have received. Customer perceptions and expectations are both entirely subjective. However they define service quality as perceived by the customers as being a purely individual estimation curtailing from the position of the client. A study by Park and Yoo (2007) established that service quality is the extent to which a firm is capable of effectively satisfaction of customer's objectives. Quality is what every organization strives to thrive on and it's a challenge to most organisation. Clients are more informed and increase in demanding quality product and services, they also confirm whether product brand is certified and it's of good quality. The level of product quality has an impact on organization performance which directly influence and develop trust.

5.1.2 Supplier Optimization

Respondents were required to indicate if supplier optimization affects purchasing strategies at Gertrude's children hospital Nairobi, 71% agreed while 29% were of a contrary opinion. This can be concluded that supplier optimization is one of the important factors that determining purchasing strategies at Gertrude's children hospital. Respondents were asked to what extent does supplier optimization affects purchasing strategies at Gertrude's children hospital. 25% indicated very great extent, 35% indicated great extent, 11% indicated moderate extent while 24% indicated very little extent and 6% indicated very little extent. This can be interpreted that supplier optimization is an important factor that affects purchasing strategies.

Li (2011) established three fundamental factors in supplier optimization based on the documented supplier optimization criteria that is needed to assess supplier service capabilities and as well as buyers managerial and strategies aliment. Tan (2008) encouraged the use of

integrated model that combine the analytical hierarchy and grey relation analysis in a single evaluation model. Tan suggested that the model is effective in integrating experience and knowledge in evaluation of suppliers in order to select the best supplier. Supplier optimization is a complex and time consuming process that evaluation criteria that includes cost, quality, delivery system, facilities, and personnel among others. The evaluation of suppliers as complex as it maybe numeral criterial must be considered in the selection and decision making process. However, different criteria are employed by different organization during the process

5.1.3 Vendor Development

Respondents were required to indicate if quality services and goods affects supplier appraisal in the airline industry, all the respondents agreed 100%. This can be concluded that quality services and goods is one of the important factors that help in determining suppliers. Respondents were asked to what extent vendor development affects purchasing strategies at Gertrude's children hospital. 65% indicated very great extent and 35% indicated great extent while none indicated moderate extent, little extent and very little extent.

Talluri (2010) describe vender development is an economic activity and requires commitment from suppliers and organization. Organization face challenges in effective utilization of limited resources for development relationship with their vendors. Vender developments are considered as important component of supply chain management, that's plays, a crucial role in performance improvement in buyer supplier relations (Krause and Ellram, 2009). Schmitz and Platts (2014) explain the importance of investigating the area of organization performance while focusing on supplier and buyers relationship. They studied performance measurement within organizations in relations to inter organization performance in order to improve supplier performance. A study by Forlund and Johnson (2009) to identify trust, aligned goals and priorities that needed to overcome performance management effectiveness between suppliers and buyers. According to Handfield (2009) measuring vender performance is not easy because companies find it difficult to evaluate vender contractual obligations fulfilment. Firms need to make decision on what is important for them to measure and how they will allocate the weight to the measure standards.

5.1.4 Risk Management

Respondents were required to indicate if risk management affects purchasing strategies at Gertrude's children hospital. The responses were as follows 88% agreed that risk management affects purchasing strategies and 12% disagreed that it doesn't affect. This response can be

interpreted to that the risk management influences and determine purchasing strategies at Gertrude's children hospital the way suppliers are identified and it can be noted that quality management affects purchasing strategies at Gertrude's children hospital. Respondents were asked to what extent does risk management affects purchasing strategies at Gertrude's children hospital. 33 % indicated very great extent, 35 % indicated great extent, 12 % indicated moderate extent while 6 % indicated very little extent and 12 % indicated very little extent.

Soyemi (2014) supply chain managers are employed for the purpose of managing organization information system in order to help monitor levels of risk and facilitate timely review of risk plus their exceptions. The recognition of the exact approach to adopt for monitoring risk management squarely depend on each individual organization which depends on a variety of features like size, nature of activities and sophistication of the activities. Monitoring risk has several components such as internal control culture, effective internal reporting and contingency planning. George (2010) describes the key success of monitoring risk is proper planning (comprehensive, organizes and iterative approach) and aggressive execution. Price Waterhouse Coppers (2009) describes the integrated approach to operational risk management as proactive and representative of best practice compared to dispersed approach. The characteristics include the structure of operation risk management, resource investment, risk culture, and tools and technique. Firms must commit a large budget to setup operation risk system that is able to monitor, measure, identify and control risk that is associated with supply chain management.

5.2 Recommendations

Total quality management schemes should be adopted by the Management of Gertrude's children hospital. This will ensure quality is enhanced throughout the processes of the organization. By so doing the organization will be better placed for better performance and be very competitive. Quality schemes should be implemented whereby standards should be set against which the organization will look for the supplies to see whether the suppliers have met the requirements of the deliveries or not and advice there on. The Gertrude's children hospital should establish a quality check department that will be equipped with the necessary test equipment in order to check that the supplies meet the expectations of the customer. On a regular interval depending on the receipt of the supplies, the department will be mandated to check the quality of supplies to see whether they meet the customers' expectations. This should always be done on a regular basis and try to eliminate the products that do not meet the expectations of the customer. In this way the Gertrude's children hospital will be able to

eliminate the incompetent suppliers and be able to identify the most competent supplier who will be able to meet the expectations of the customers.

The management of Gertrude's children hospital should consider a policy that is set in regards to daily operations of the procurement department in order to give room for effective performance. The management of Gertrude's children hospital should know that well set and established policy will make it easier for effective supplier optimization since the company will have an understanding of which procurement policy fits them. The head of procurement should quarterly review their operational and strategic policies and during the process should include all the staff involved in the department who will provide the required resources to enable sound decision making. The management and board of directors should consider having good procurement policy which should be drafted with consultation with organization staff in order to have understanding of all the key areas which affects operations in the department and will lead to improved and positive results.

The management of Gertrude's children hospital should adopt risk management on all the goods and services they procure and even retrain all the staff in the department to acquaint them with relevant skills and knowledge. The management should commit more funds on developing staff on job pricing and job pricing methods and also train vendors on organization mission and vision. Management should appoint staff that are compliant and should be responsible for monitoring procurement activities in the market and the officers should conduct daily research to establish suitable price for goods and services the organization procure so that the organization to not fall prey to fraudsters. The management of Gertrude's children hospital should implement systems which are able to enhance effective communication and safe keeping of the organizational data. On the other hand the information technology systems which are able to save time in regard to processing data need to be implemented.

Organization requires current technology to be adopted in most of their operations. Considering that other firms are in the rush to acquire technology which helps to facilitate efficiency parathion hence modern technology helps in reducing work load and promoting efficiency. Adequate funds should be set aside on their quarterly budget so as to meet the needs of changing IT. The officer for IT will be tasked with ensuring regular training of the employees to equip them with the necessary skills for their operations. On a day to day basis, the officer will be required to update the system so as to be in the current conditions in order to avoid wrong delivery of information from the systems.

5.3 Conclusion

The conclusion drawn from the study findings were that, the quality standards established in the organization gives the management appropriate means for effective purchasing strategies and organisational performance since the information about the procurement policy is provided when required. Quality standards enable organization to adopt effective supply strategies therefore, making it possible to identify the supplier that will be able to supply the required products and services effectively. There is a direct connection between purchasing strategies and organization performance. In other words purchasing strategies, purchasing decisions and purchasing practices are commonly used interchangeably to express decisions that are considered at various stages of the purchasing process. The study established that Organizations are in demand of increasing professionalism in the procurement process. Procurement practices such as risk management, planning and supply performance influence organization in achieving communication and collaboration capabilities and at the same time maintaining the flexibility and responsiveness capabilities of market oriented governance structures. Procurement best practices help organization in achieving cost reduction, new product development, improved inventory management, information management, improved customer service, material flows and improved performance in the organization

5.4 Suggestion for future studies

It's highly recommended that the study need to be conducted on this particular area and including organization policy, price, quality and pricing variables in the study, whereby it seek to create more details about this study. The study was carried out on merits determine the effects of purchasing strategies on organisational performance a case study of Gertrude's children hospital Nairobi. Therefore, similar study should be carried out on public hospitals in order to validate the current findings.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Dear Respondent

I study at Management University of Africa in partial fulfilment of the requirement for the award of the bachelor's degree in management and leadership of the Management University of Africa I am conducting a study title : **EFFECTS OF PURCHASING STRATEGIES ON ORGANISATIONAL PERFORMANCE: A CASE STUDY OF GETRUDES CHILDREN HOSPITAL NAIROBI**. For this reason, I humbly request you to assist in filling the attached questionnaire to the best of your knowledge. Material that you will provide is strictly for academic and shall not be used for any other purpose and your names shall not appear in this study. Your input will go a long way to facilitate this research study.

Thank You

Yours Truly,

KENNEDY AYIMBA

The Management University of Africa

APPENDIX II: RESEARCH STUDY QUESTIONNAIRES

SECTION A: BASIC INFORMATION

1. What is your gender?
Male ☐ Female ☐
2. What is your marital status?
Single ☐ Married ☐ Separated ☐ Divorced ☐ Widow(er) ☐
3. What is your age bracket?
18 years – 25 years ☐ 26 years – 30 years ☐ 31 years - 35 years ☐
40 years – 45 years ☐ 46 years and above ☐
4. Education Level
College ☐ Degree ☐ Master ☐ PhD or Pursuing ☐
5. Years in Service
1year – 5 years ☐ 6 years – 10 years ☐ 11years – 15 years ☐
16 years and above ☐
6. Position Held in organization
Senior Management ☐ Middle Level Management ☐
Non-Management ☐

SECTION B: MAIN STUDY QUESTIONS

Quality Management

1. Does quality management affects purchasing strategies at Gertrude's children hospital Nairobi?
Yes ☐
No ☐
2. What extent does quality management affects purchasing strategies at Gertrude's children hospital Nairobi?
Very Great Extent ☐
Great Extent ☐
Moderate Extent ☐
Little Extent ☐
Very Little Extent ☐

3. How effective are purchasing strategies at Gertrude's children hospital Nairobi?

Very Effective { }

Effective { }

Moderate Effective { }

Little Effective { }

Not Effective { }

4. To what extent does purchasing strategies affects organisation performance at Gertrude's children hospital Nairobi?

Very Great Extent { }

Great Extent { }

Moderate Extent { }

Little Extent { }

Very Little Extent { }

Supplier Optimization

5. Do supplier optimization affects purchasing strategies at Gertrude's children hospital Nairobi?

Yes { }

No { }

6. To what extent does supplier optimization affects purchasing strategies at Gertrude's children hospital Nairobi?

Very Great Extent { }

Great Extent { }

Moderate Extent { }

Little Extent { }

Very Little Extent { }

Vendor Development

7. Does vendor development affect purchasing strategies at Gertrude's children hospital Nairobi?

Yes { }

No { }

8. To what extent does vendor development affects purchasing strategies at Gertrude's children hospital Nairobi?

Very Great Extent { }

Great Extent { }

Moderate Extent { }

Little Extent { }

Very Little Extent { }

Risk Management

9. Does risk management affect purchasing strategies at Gertrude's children hospital Nairobi?

Yes { }

No { }

10. To what extent does risk management affects purchasing strategies at Gertrude's children hospital Nairobi?

Very Great Extent { }

Great Extent { }

Moderate Extent { }

Little Extent { }

Very Little Extent { }